

DRAFT

**STATE OF CALIFORNIA
CONSUMER POWER AND CONSERVATION
FINANCING AUTHORITY**

**September 17, 2001
California State Capitol
Room 4203
Sacramento, CA**

ATTENDANCE

Board Members Present:

Mr. S. David Freeman, Chairman
Ms. Sunne W. McPeak, Director
Mr. John Stevens, Director
Ms. Barbara Lloyd (representing of Mr. Philip Angelides,
State Treasurer)

Board Members Absent:

Mr. Donald Vial, Director

Administrative staff present:

Mr. B.B. Blevins
Mr. Kellan Fluckiger
Mr. Allen Sumner

Public Participation:

Mr. Larry Trowsdale, Westend Power, Inc.
Mr. Paul Fenn, Local Power
Ms. Susannah Churchill – Energy Advocate
Mr. Charles Hinckley, CC Hinckley Co.
Ms. Kate Smolski, Greenpeace
Mr. Kent Duysen, Sierra Power Corp.
Ms. Rainbow Singer, Greenpeace
Mr. Steve Scacter, Atlas Logistics
Ms. Kelley Spada – Various community
organizations
Ms. Kristin Casper, Greenpeace
Ms. Stephanie Bonin, Greenpeace
Ms. Jacqueline Baker, Greenpeace
Ms. Cathleen Sullivan, Greenpeace
Mr. Nick Getzen, Greenpeace
Ms. Amanda Roll-Pickering, Greenpeace
Ms. Fern Feto, Greenpeace
Ms. Heather Smith, Greenpeace
Mr. Glenn Hurowitz, Greenpeace
Ms. Johanna Neumann, Greenpeace
Ms. Susan Andaloro, Greenpeace
Mr. CD Schrack, Greenpeace
Mr. Tim Michael, Electric & Gas Industries Assoc.
Mr. Dan Firger, Greenpeace
Mr. Michael Murray, Semptra Energy Resources
Mr. J.P. Ross, Greenpeace
Mr. Mark Turner, InterGen
Mr. J. Parsons - S.H.O.C./Home
Mr. Bradley Goode, Sunlaw Energy Partners
Mr. Carl Zichella, Sierra Club
Mr. Rich Mackiroy, Sunbear Technologies
(Photovoltaic new technology)
Mr. Hal Romanowitz, Oak Creek Energy Sys.

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Chairman Freeman called to order the meeting of the Consumer Power and Conservation Financing Authority (Authority) at 10:00 a.m. and established a quorum. Barbara Lloyd lead the meeting in the Pledge of Allegiance with a moment of silence in remembrance to the victims of the September 11, 2001 tragedies in New York and Washington, D.C.

PUBLIC COMMENT

Presentations and/or speeches from members of the public (see list of participants under Public Participation).

GENERAL SESSION

The following agenda items were discussed in general session:

AGENDA: Item 1

Approval of Minutes

Motion: Ms. Lloyd moved to approve the amended *minutes of the 8-24-2001 meeting*.
Director McPeak seconded the motion.

Voice Vote: 4 Aye, 0 Nays, 1 Absent. *Motion passed.*

AGENDA: Item 2

Chairman Report

Letters of Intent

Mr. Freeman reported that letters of intent for 1,320 megawatts of renewable energy has been signed. The Authority is soliciting renewed efforts for proposals in the field of geothermal, biomass, and waste gas. Wind and bio-fuel will also be considered.

RFPs

The Authorities website has draft (unapproved by the board as of yet) requests for proposals (RFPs or RFQs) for three forms of distributed generation. Chairman Freeman recognized the Energy Foundation, a nonprofit public interest group, in their help with the Authority in preparing the RFPs.

Three RFPs have been submitted for decentralized solar, micro turbines, and fuel cells. A separate draft RFP for central station solar has not yet been completed.

Chairman Freeman suggested that in order to advance interest in real-time pricing, a RFP should be drafted (upon board's approval) to specifically solicit input from parties on how the Authority, with its lending power, can advance conservation opportunities. This will be posted on the website for comments and be brought back to the board for approval.

Staff Recruitment

Candidates have been selected for various key positions, Chief Executive Officer, General Counsel, Chief Financial Officer, conservation, generation and administration leads. The board will vote on these candidates at the October 5th meeting.

Public Records Act

The board has received its first Public Records Act request. There was general discussion among members on how the board will handle these types of request. The board agrees that the criteria used for evaluating proposals are a critical element that undoubtedly should be publicly shared. However, the ongoing thought process of staff (including their personal note taking) is covered under statute and is considered privileged information, not public. All other information, files, and proposals are subject to the Act.

Future Board Meetings

After discussion, it was decided the board would meet every other week. The board will be meeting in San Francisco for the October 5, 2001 meeting.

Board recessed for 10-minutes

AGENDA: Item 3

Action Items

A) Conflict of Interest Code and a Statement of Incompatible Activities and any addendums to these items

The adoption of the conflict of interest codes and ethical standards will be moved to the October 5th meeting as there has not been enough time for the board to read and study them. Also, at that time, the filing of Form 700's by staff and consultants will be formally adopted in the code.

B) Selection of Vice-Chair

Chairman Freeman suggested, as an optional item for the board, the selection of volunteer Vice-Chair. The duties of the vice-chair include presiding over board meetings if the Chair is not available. It was decided to put this matter over to the next meeting.

C) Pursuant to items 8665-001-9326 and 8665-011-0001 in the 2001 Budget Act, a request for proposed expenditures for the staffing and operation of the Authority

The revised budget is not ready for adoption and will be discussed at the October 5th meeting.

D) Interagency Agreement/Contract with CDWR to purchase the output from State generating facilities that are owned and/or leased by the Authority

Chairman Freeman reported that progress is being made and a draft agreement with CDWR has been developed to have CDWR representatives incorporated in the board's review team to ensure that projects go forward. The agreement will be ready for board consideration in the near future.

E) Interagency Agreements with CEC, CEPA and EOB for services and loan of positions and/or personnel

There are no formal agreements concerning the terms of services from other agencies to consider at this time. Most work so far has been informal.

F) Consideration of 'Letter(s) of Intent' with project developers that have presented and/or submitted proposals to the Authority

Chairman Freeman reported that the selection process criteria was posted on the website and no comments of a critical nature on this criteria were received. A team of people representing CDWR, CEC, and the Authority deliberated and made initial review recommendations to the Chairman. The Chairman generally accepted these suggestions. Mr. Kellan Fluckiger presented the results on the gas-fired peakers. The initial screening criteria process has been completed. A list was presented to the Chairman reflecting staff review and recommendations to execute letters of intent and proceed to the next step and begin negotiations with the first group. There was some general discussion and questions regarding this report.

Chairman Freeman added that the obvious benefit of these projects is providing lower cost peaking power. In terms of emission and pollutants concerns, these peaking plants will be equipped with either SCRs or equivalent so that emissions will be around 2-4 parts per million, one of the cleanest plants in the state. Additionally, these plants will be used in relatively small number of hours. The numbers to quantify this will be provided at the next meeting.

Mr. Fluckiger added that in terms of understanding peaking plants, typically they run less than 2 to 5 percent of time in a year.

Mr. Fluckiger added that there were a number of other proposals that did not meet the screening criteria because they were not capable of coming on by next summer. However, they were interesting proposals and will be looked at and evaluated at a different time frame.

Ms. Lloyd clarified due diligence regarding Letters of Intent. Essentially staff recommendations are made to the Chairman who has the authority to enter into letters of intent. It is understood that with any additional information, this recommendation may change. Because the board may not have access to any additional information, they only acknowledge receipt of the lists as informational.

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Director McPeak clarified that in acknowledging receipt and granting authority to Chairman Freeman, this also holds for other renewable proposals that may come up that have not been listed or acted on up to this point.

Motion: Ms. Lloyd moved to clarify the boards due diligence position in acknowledging receipt of the information (the list) and authorizing the interim CEO to proceed with the letters of intent. Director. McPeak seconded the motion on behalf of Treasurer Angelides.

Voice Vote: 4 Aye, 0 Nays, 1 Absent. Motion passed.

G) Consideration of a contract(s) for service as prescribed by Public Utilities Code section 3340(c)

A draft RFP has been written regarding distributed generation concepts and state buildings. Comments are still coming in. The board will review and consider approval at the October 5th meeting. The impetus is to develop fuel cells, micro turbines, and solar commercial products that the state will buy with the 5 percent money and install in state facilities.

CLOSED SESSION

The board did not adjourn to a closed session.

CLOSING

Motion: Director McPeak called for a motion for adjournment. Ms. Lloyd seconded the motion.

Voice Vote: 4 Aye, 0 Nays, 1 Absent. Motion passed.

The meeting was adjourned at 1:24 p.m.